

Our Wired Inner Cities

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Article:

Two weekends ago the *News & Record* ran a section entitled “2003: The Agenda,” in which the editors and a collection of community leaders laid out their vision of what should happen in our community this year.

One of the recurring themes was the economy, which is certainly natural as we wait impatiently for the mostly jobless recovery to start generating more jobs. Another theme was race relations and civil rights, which always seem to be contentious issues in Greensboro.

The two themes are often viewed as separate matters, but they intersect in an important way. The more Greensboro can do to revitalize the economy of its inner city, the more successful it will be in addressing both agenda items.

The problems facing inner-city economic development are myriad, but hardly insurmountable. And an evolving school of thought holds that inner cities actually have competitive advantages that other regions in metropolitan areas lack. The Boston-based non-profit Initiative for a Competitive Inner City promotes this view and has implemented it in cities such as Kansas City, Oakland, and Chicago.

Before I proceed, I should note that “inner city” is defined by ICIC in socioeconomic terms. An area within a city is characterized as “inner city” if its unemployment and poverty rates are above some threshold. Greensboro’s inner city lies mostly to the east and southeast of its downtown.

Many of the competitive advantages of inner cities involve their proximity to important resources and markets: to transportation nodes, to central business districts (i.e. downtowns), and to underserved retail markets. A recent report by ICIC (“America’s Inner Cities: Wired to Compete,” November 2002), identifies another strength of America’s inner cities: They’re wired and ready for the New Economy.

The report notes that the so-called “digital divide” between those who have ready access to Internet technologies and those who do not is often seen as a threat to the future of inner-city economies. But the gap in skills and opportunities is just one aspect of this divide. The other is the infrastructure of high-speed Internet access in inner cities, and this is the area on which the ICIC report focuses. It concludes that the conventional wisdom about our inner cities is wrong: there *is* no gap in high-speed Internet access.

The use of e-business technologies is an essential part of growing businesses, wherever they’re located. This isn’t the dot-com silliness of the late 1990s, when websites were used to market pet toys and furniture, whether or not it made sense to do so. These days, e-business refers to an information-technology framework that integrates a company’s operations, uncovers efficiencies, and facilitates growth. Everything from marketing to billing to distribution can be coordinated in this way.

However, in order to run effectively, such a system requires high-speed Internet access, otherwise known collectively as “broadband.” Broadband access can involve technologies ranging from DSL (digital subscriber lines) to cable to high-capacity T1 lines. The ICIC report notes that because of the tremendous growth in

equipping cities with broadband capacity, it would be easy to assume that inner-city areas have been left out of the mix. In fact, according to the report, quite the opposite is the case.

Because population density is the best indicator of whether an area has broadband capacity, inner cities were among the first areas to be equipped. Currently, broadband accessibility is much higher in our inner cities than in our rural areas, and until recently it was higher than in suburban areas. Now inner cities and suburban areas are about the same in this respect.

In addition, because inner cities tend to be near central business districts, the advantages of proximity extend to the laying of cable and lines. And in an ironic twist, inner cities also benefit by often not having had their telephone lines upgraded with technologies designed to enhance voice transmissions. Those devices, such as “interferers,” actually impede DSL transmissions and often have to be removed in order to prepare a line for DSL service.

Among the “top 50” metropolitan areas in the country analyzed by ICIC, every one of the central business districts and every one of the inner cities is being served by at least one broadband provider. (I put “top 50” in quotation marks because the report inexplicably excludes the 37th-ranked Triad and the 41st-ranked Triangle but includes such metropolitan areas as 78th-ranked Wichita.)

The average number of providers in inner cities (6.7) is slightly less than in central business districts (8.1). Still, that picture is better than the U. S. as a whole. The overall coverage throughout the U.S. is 79 percent, with an average of only 3.6 broadband providers per ZIP code.

ICIC’s evidence refutes the conventional wisdom that inner cities lag other areas in broadband capacity. In fact, inner cities are particularly well situated to take advantage of this important piece of New Economy infrastructure.

But are inner-city companies taking advantage of high-speed access? The ICIC report also surveyed companies on its 2002 “Inner City 100” list of high-growth urban businesses. These companies are not representative of the entire inner-city economy, but they provide a sense of how information technology is used by the most successful inner-city companies.

The survey indicates quite clearly that there is little difference in how successful inner-city companies and successful companies elsewhere employ information technology.

The only noticeable differences result from the fact that many inner-city companies are smaller than companies elsewhere. But in the inner city, success in the New Economy is achieved just as it is in the rest of the economy.

Ninety-three percent of these successful companies have websites, and 83 percent report sales through the Internet. Companies are expanding the ways in which they use e-business. And most interestingly, about 58 percent of the 2002 Inner City 100 report that broadband access is one of the biggest competitive advantages of their inner-city location.

As I have written numerous times in this space, the best kind of economic development effort is that which focuses not on specific recruiting and site-selection decisions, but on a region’s economic infrastructure. In this context, infrastructure refers to education, entrepreneurial environment, and quality of life. One of the distinctive features of infrastructure investment is that it tends to pay off well into the future, and that can be difficult to square with the results-now world in which we live.

The ICIC report makes it clear that we cannot forget the role of broadband access as a type of economic infrastructure. Even in areas already served by broadband providers, a reasonable goal of public policy is to enhance competition and encourage multiple providers.

Overall, Greensboro appears to be in good shape as regards broadband accessibility. The city appears to have a great deal of available broadband capacity, especially downtown. And Greensboro's inner city has a series of lines beneath it, including one running under Market Street out to North Carolina A&T. As Greensboro's inner-city businesses evolve along the lines of businesses throughout the rest of the economy, these lines could well serve as the backbone of east Greensboro's own New Economy.